

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER**

**FINANCIAL STATEMENTS**

**December 31, 2007 and 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/6/08

## TABLE OF CONTENTS

	Page
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
Financial Statements:	
Statements of Plan Net Assets .....	5
Statements of Changes in Plan Net Assets .....	6
Notes to Financial Statements .....	7
Required Supplementary Information:	
Schedule of Funding Progress .....	15
Schedule of Employer Contributions .....	16
Notes to Required Supplementary Information .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18
Schedule of Findings and Questioned Costs .....	20
Summary Schedule of Prior Audit Findings .....	21
Management's Corrective Action Plan .....	22

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## **INDEPENDENT AUDITOR'S REPORT**

### **Board of Trustees Retirement Plan for Employees of West Jefferson Medical Center**

We have audited the accompanying Statements of Plan Net Assets of the Retirement Plan for Employees of West Jefferson Medical Center (the "Plan"), as of December 31, 2007 and 2006, and the related Statements of Changes in Plan Net Assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2007 and 2006, and the results of its operations and changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the financial statements, in 2005 the West Jefferson Medical Center adopted a change to the Plan that amends the Plan effective January 1, 2006. The change froze participation after December 31, 2005 (no new participants) and offered active participants as of January 1, 2006 a one-time irrevocable election to either (1) freeze their benefits under the Plan as of December 31, 2005, with no future accruals but with enhanced benefits available under a 403(b) Defined Contribution Plan (the "Defined Contribution Plan"), or (2) continue further accruals under the Plan after December 31, 2005, but without the enhanced benefits otherwise available under the Defined Contribution Plan. As there is a one-year waiting period to participate in the Plan, all new employees who join the West Jefferson Medical

Center after January 1, 2005 were offered only the Defined Contribution Plan effective January 1, 2006. Of the 1,313 active participants as of December 31, 2005 who were eligible to make the election, 802 employees, or 61%, elected to continue to accrue benefits under the Plan while 511 employees, or 39%, elected to participate in the Defined Contribution Plan.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 3 and 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary information on pages 15 through 17 is presented for the purpose of additional analysis and is not a part of the basic financial statements. Such required supplementary information for the years ending December 31, 2007 and 2006 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Reboue & Company*

March 28, 2008

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2007 and 2006**

The Management's Discussion and Analysis (MD&A) offers the readers of the Retirement Plan for Employees of West Jefferson Medical Center's ("the Plan") financial statements this narrative overview and analysis of the financial activities of the Plan for the years ended December 31, 2007 and 2006. The information presented herein should be considered in conjunction with the accompanying financial statements and the notes to the financial statements.

Using This Report

The discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements, which are comprised of the three components:

- Statement of Plan Net Assets,
- Statement of Changes in Plan Net Assets; and
- Notes to the Financial Statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the Plan's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statements of Plan Net Assets and Statements of Changes in Plan Net Assets provide information about the activities of the Plan as a whole. The Plan is the fiduciary held in trust for substantially all of the employees of West Jefferson Medical Center who meet certain length of service requirements.

The Schedule of Funding Progress includes historical trend information about the actuarially funded status of the Plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions presents historical trend information about the annual required contribution of the employer and the contributions made by the employer in relation to the required contributions. These schedules provide information that contributes to understanding the changes over time in the funded status of the Plan.

**FINANCIAL ANALYSIS OF THE PLAN**

The Plan's net assets increased \$2,870,890 and \$4,771,731 in 2007 and 2006, respectively. The 2007 increase in the Plan's net assets was primarily due to investment income resulting from the net appreciation of investments and dividends, although these amounts decreased overall in 2007 compared to 2006 due to less favorable market conditions in 2007. The Plan's employer contribution decreased by \$259,121 in 2007 and decreased by \$616,097 in 2006. Contribution amounts needed to fund the Plan are determined by an independent actuary. The Plan's

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
December 31, 2007 and 2006**

investments consist primarily of fixed income mutual funds, equity mutual funds, and money market funds, which increased by \$3,346,421 and \$5,410,704 in 2007 and 2006, respectively, due to employer contributions to the Plan and investment income offset by the payment of benefits and administrative expenses.

**PLAN AMENDMENT**

In 2007, the West Jefferson Medical Center adopted a change to the Plan that amends the Plan effective November 1, 2007. The change provides enhanced retirement benefits to eligible participants electing retirement under the Voluntary Retirement Incentive Program (VRIP) by December 17, 2007. Participants age 55 or older with at least 20 years of credited service by December 31, 2007 were granted the most favorable combination of 10 total additional years of age and service (with a forty year service cap) if they retired under the VRIP with an approved retirement date ranging from January 1, 2008 to April 1, 2008. Of a total of 119 eligible employees, 67 participants elected to accept enhanced retirement benefits under the VRIP. The Plan's actuarial accrued liability increased \$5,903,534 as a result of these elections under the VRIP.

In 2005 the West Jefferson Medical Center adopted a change to the Plan that amended the Plan effective January 1, 2006. The change froze participation after December 31, 2005 (no new participants) and offered active participants as of January 1, 2006 a one-time irrevocable election to either (1) freeze their benefits under the Plan as of December 31, 2005, with no future accruals but with enhanced benefits available under a new 403(b) Defined Contribution Plan (the "Defined Contribution Plan"), or (2) continue further accruals under the Plan after December 31, 2005, but without the enhanced benefits otherwise available under the Defined Contribution Plan. As there is a one-year waiting period to participate in the Plan, all new employees who join the West Jefferson Medical Center after January 1, 2005 will be offered only the Defined Contribution Plan effective January 1, 2006. Of the 1,313 active participants as of December 31, 2005 who were eligible to make the election, 802 employees, or 61%, elected to continue to accrue benefits under the Plan while 511 employees, or 39%, elected to participate in the Defined Contribution Plan.

**REQUEST FOR INFORMATION**

Questions concerning any of the information provided herein, or requests for additional financial information, should be addressed to Retirement Plan for Employees of West Jefferson Medical Center, 1101 Medical Center Boulevard, Marrero, LA 70072, (504) 347-5511.

## **FINANCIAL STATEMENTS**

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
STATEMENTS OF PLAN NET ASSETS  
December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Receivables:		
Employer contributions	\$ 1,864,390	\$ 2,123,511
Accrued dividends	<u>178,456</u>	<u>81,818</u>
Total receivables	<u>2,042,846</u>	<u>2,205,329</u>
Investments (at fair value):		
Fixed income mutual funds	17,177,319	13,845,503
Equity mutual funds	31,111,378	31,498,609
Cash equivalents	<u>7,210,641</u>	<u>6,808,805</u>
Total investments	<u>55,499,338</u>	<u>52,152,917</u>
Total Assets	<u>57,542,184</u>	<u>54,358,246</u>
<b>LIABILITIES:</b>		
Accrued trust fees	25,286	6,085
Due to Brokers	<u>293,847</u>	<u>-</u>
	<u>319,133</u>	<u>6,085</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS ( A Schedule of Funding Progress is presented on page 15.)</b>	<u>\$ 57,223,051</u>	<u>\$ 54,352,161</u>

See accompanying notes to the financial statements.



**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
For the Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ADDITIONS:</b>		
Employer contribution	\$ 1,864,390	\$ 2,123,511
Investment income:		
Net appreciation of investments	1,131,488	3,055,783
Realized gain from sale of investments	409,118	845,475
Dividends	2,131,049	1,305,771
Total investment income	<u>3,671,655</u>	<u>5,207,029</u>
Total additions	<u>5,536,045</u>	<u>7,330,540</u>
<b>DEDUCTIONS:</b>		
Benefits	2,478,313	2,300,810
Administrative expenses	186,842	257,999
Total deductions	<u>2,665,155</u>	<u>2,558,809</u>
<b>NET INCREASE</b>	2,870,890	4,771,731
<b>NET ASSETS HELD IN TRUST FOR PENSION</b>		
<b>BENEFITS:</b>		
BEGINNING OF YEAR	<u>54,352,161</u>	<u>49,580,430</u>
END OF YEAR	<u>\$ 57,223,051</u>	<u>\$ 54,352,161</u>

See accompanying notes to the financial statements.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006**

**NOTE 1 - PLAN DESCRIPTION**

General

West Jefferson Medical Center operates under the jurisdiction of the Parish Council of Jefferson Parish, Louisiana (the "Parish") as Jefferson Parish Hospital Service District No. 1. A Louisiana Attorney General opinion empowers hospital service districts to create pension plans for officers and employees and to fund the plan with district funds. The Retirement Plan for Employees of West Jefferson Medical Center (the "Plan") is a single-employer, non-contributory, defined public employee retirement system (PERS). The Plan covers certain employees of West Jefferson Medical Center (the Employer) who meet certain length of service requirements and is funded through employer contributions and investment earnings.

Employees or former employees who were not participants in the Plan as of December 31, 2005 are not eligible to participate in the Plan after December 31, 2005. Active participants in the Plan as of December 31, 2005 made a one-time, irrevocable election to either continue as an active participant in the Plan effective January 1, 2006, earning future benefit accruals under the applicable provisions of the Plan, or to instead become a participant effective January 1, 2006 in a Defined Contribution Plan. Any participant of the Plan that elected to participate effective January 1, 2006 in the Defined Contribution Plan, would not accrue further benefits under the Plan for service or earnings after December 31, 2005. See Footnote 8 - "Plan Amendment". As a governmental entity, the Plan provides disclosures required by the Governmental Accounting Standards Board (GASB).

Plan Membership

At December 31, the Plan's membership consisted of:

	<u>2007</u>	<u>2006</u>
Active employees	919	1,128
Retirees and beneficiaries currently receiving benefits	712	667
Terminated employees entitled to, but not yet receiving benefits	<u>462</u>	<u>368</u>
Total plan membership	<u>2,093</u>	<u>2,163</u>

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 1 - PLAN DESCRIPTION (CONTINUED)**

Eligibility Requirements

An employee is eligible to participate in the Plan as of the date they have completed one year of service of 1,000 hours or more and attained the age of 21. No new entrants are allowed to participate in the Plan after December 31, 2005.

Benefits

Retirement

The Plan provides retirement benefits as well as death and disability benefits. Prior to July 1, 2002 all benefits were fully vested after 10 years of credited service. Effective July 1, 2002, all employees become fully vested after 5 years of credited service. The basic annual retirement benefit at age 65 is a benefit payable for life in an amount equal to the number of years of credited service up to 30 years, multiplied by the sum of (1) 1.2 percent of final average monthly compensation and (2) .65 percent of final average monthly compensation in excess of "covered" compensation," which is defined as the average of the Social Security Taxable Wage Base for the 35-year period ending in the year in which social security normal retirement age is attained. Final average monthly compensation is defined as the monthly compensation of a participant averaged over the 5 consecutive calendar years which produces the highest monthly average within the last 10 calendar years preceding the earlier of retirement or termination of employment. Employees with 10 years of credited service may elect to receive a reduced benefit beginning at age 55.

Deferred and Disability Benefits

A Plan member leaving employment after 10 years of credited service but before attaining retirement age or who ceases active employment because of total and permanent disability after 10 years of credited service but before attaining retirement age is eligible for deferred benefits or may elect to receive reduced benefits beginning on the early retirement date.

Survivor Benefits

The survivor benefit provided under the Plan is a death benefit for a vested participant in the form of a survivor annuity. Such annuity payments are generally equal to 50 percent of the amount which would be payable to the participant if he or she had survived and elected to commence receiving a retirement income at the earliest date allowed under the Plan.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 1 - PLAN DESCRIPTION (CONTINUED)**

Contributions

The employer is required to contribute amounts necessary to provide the benefits under the Plan determined by the application of accepted actuarial methods and assumptions.

Plan Termination

The Medical Center has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. See Footnote 8 - "Plan Amendment".

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL  
REPORTING POLICIES**

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Board (GASB). The Plan has adopted GASB Statement No. 34, which requires the inclusion of Management's Discussion and Analysis as a part of its financial report.

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

Employer Contributions

Employer contributions are recognized as revenues in the period in which employee services are performed.

Investments

The assets of the Plan are invested in various fixed income, equity and short-term money market funds managed by a trustee. Investments are carried at fair value as reported by the Trustee. Fair values are determined using quoted market prices, as available. Quoted prices are considered level 1 inputs according to SFAS No. 157, *Fair Value Measurements*.

Dividend income is recognized when earned.

Administrative Expenses

All administrative expenses of the Plan are paid by the Plan.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL  
REPORTING POLICIES (CONTINUED)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding the reported amounts of assets and liabilities and changes in net assets. Actual results could differ from those estimates.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances-retirement, death, disability, and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided from annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of December 31, 2007 and 2006 were (a) life expectancy of participants (1984 Unisex Pension Mortality Table was used), (b) retirement age assumptions, and (c) investment return. The 2007 and 2006 valuations included assumed average rates of return of 8.0%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The funding policy of the Plan provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. The actuarial funding method used to determine the normal cost and the unfunded actuarial accrued liability, amortized over 30 years, for purposes of determining contribution requirements is the entry age normal cost method. The significant actuarial assumptions underlying the actuarial method used to compute the contribution requirement are the same as those used to compute the pension benefit obligation.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE  
(CONTINUED)**

The actuarially determined contribution requirement for 2007, accrued by the Plan, is \$1,864,390. The actual contribution paid by the employer during 2007 relating to the 2006 contribution requirement was \$2,123,511. The 2007 contribution requirement consists of (a) \$1,044,753 normal cost, (b) \$681,534 amortization of the unfunded actuarial accrued liability and (c) \$138,103 net interest cost.

The actuarially determined contribution requirement for 2006, accrued by the Plan, was \$2,123,511. The actual contribution paid by the employer during 2006 relating to the 2005 contribution requirement was \$2,739,608. The 2006 contribution requirement consists of (a) \$951,233 normal cost, (b) \$1,014,981 amortization of the unfunded actuarial accrued liability and (c) \$157,297 net interest cost.

**NOTE 4 - INVESTMENTS**

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and trust agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2007, the Plan's investments were held by Regions Morgan Keegan Trust.

Investments at December 31, 2007 and 2006 consist of the following mutual funds which are stated at fair value.

	<u>2007</u>	<u>2006</u>
Fixed Income:		
Federated U.S. Government Trust		
Institutional Fund	\$ 9,932,096 *	\$ 7,129,615 *
Vanguard Short-term Treasury Fund	<u>7,245,223 *</u>	<u>6,715,888 *</u>
	<u>17,177,319</u>	<u>13,845,503</u>
Equity:		
Artisan Sm Cap Value Fund 963 Inv	1,719,018	1,828,410
Amer Cap World Growth & Inc. FD CL R5	3,878,619 *	3,312,124 *
Vanguard Institutional Index Fund	17,505,487 *	18,804,635 *
Vanguard Mid Cap Index Fund	<u>8,008,254 *</u>	<u>7,553,440 *</u>
	<u>31,111,378</u>	<u>31,498,609</u>
Cash equivalents:		
Cash	352,691	-
Federated Treasury Money Market Fund	<u>6,857,950 *</u>	<u>6,808,805 *</u>
	<u>7,210,641</u>	<u>6,808,805</u>
Total investments	<u>\$ 55,499,338</u>	<u>\$ 52,152,917</u>

\* 5% or more of Plan's net assets.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 4 - INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plan's investment policy limits the maximum maturity for any single fixed income security to 10 years. None of the investments of the Plan have fixed maturity dates.

**Credit Risk**

State statutes authorize the Plan to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Plan's investment policy limits the Plan's investments to treasury bills, money market funds, commercial paper, U.S. government and agency securities, corporate notes and bonds, common stocks, American Depository Receipts of Non-U.S. companies listed on American exchanges, and stocks of Non-U.S. companies. As of December 31, 2007 and 2006, all investments of the Plan were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch ratings.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments of the Plan are held in the name of the Plan at December 31, 2007 and 2006.

**Concentration of Credit Risk**

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer.

The Plan's investment policy states that the securities of any one company or government agency cannot exceed ten (10) percent of the total fund, and no more than twenty (20) percent of the total fund can be invested in any one industry. With the exception of U.S. Government securities, no fixed income issue may exceed fifteen (15) percent of the market value of the fixed income portfolio. No investments of the Plan are in violation of this policy at December 31, 2007 and 2006.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 5 - CHANGES IN ACCUMULATED PLAN BENEFITS**

The following is a summary of the changes in the actuarial present value of accumulated plan benefits for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Actuarial present value of accumulated plan		
Benefits at beginning of year	\$ 53,840,766	\$ 49,405,401
Increase (decrease) attributable to:		
Benefits accumulated, including actuarial		
loss	2,423,270	2,874,005
Assumed interest from beginning of year	4,209,913	3,862,170
Benefits paid	(2,481,440)	(2,300,810)
Plan amendments	7,154,444	-
Net Increase	<u>11,306,187</u>	<u>4,435,365</u>
Actuarial present value of accumulated plan		
Benefits at end of year	<u>\$ 65,146,953</u>	<u>\$ 53,840,766</u>

**NOTE 6 - HISTORICAL INFORMATION**

Historical trend information which is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 15 through 17.

**NOTE 7 - TAX QUALIFICATION**

The Plan is a tax qualified plan under IRS Code Section 401(a).

**NOTE 8 - PLAN AMENDMENTS**

In 2007, the West Jefferson Medical Center adopted a change to the Plan that amends the Plan effective November 1, 2007. The change provides enhanced retirement benefits to eligible participants electing retirement under the Voluntary Retirement Incentive Program (VRIP) by December 17, 2007. Participants age 55 or older with at least 20 years of credited service by December 31, 2007 were granted the most favorable combination of 10 total additional years of age and service (with a forty year service cap) if they retired under the VRIP with an approved retirement date ranging from January 1, 2008 to April 1, 2008. Of a total of 119 eligible employees, 67 participants elected to accept enhanced retirement benefits under the VRIP. The Plan's actuarial accrued liability increased \$5,903,534 as a result of these elections under the VRIP.



**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2007 and 2006**

**NOTE 8 - PLAN AMENDMENTS (CONTINUED)**

In 2005, the West Jefferson Medical Center adopted a change to the Plan that amends the Plan effective January 1, 2006. The change freezes participation after December 31, 2005 (no new participants) and offer active participants as of January 1, 2006 a one-time irrevocable election to either (1) freeze their benefits under the Plan as of December 31, 2005, with no future accruals but with enhanced benefits available under a new 403(b) Defined Contribution Plan (the "Defined Contribution Plan"), or (2) continue further accruals under the Plan after December 31, 2005, but without the enhanced benefits otherwise available under the Defined Contribution Plan. As there is a one-year waiting period to participate in the Plan, all new employees who join the West Jefferson Medical Center after January 1, 2005 will be offered only the Defined Contribution Plan effective January 1, 2006. Of the 1,313 active participants as of December 31, 2005 who were eligible to make the election, 802 employees, or 61%, elected to continue to accrue benefits under the Plan while 511 employees, or 39%, elected to participate in the Defined Contribution Plan.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
December 31, 2001 through 2007**

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Actuarial Accrued Liability (AAL)	(4) Actuarial Accrued (Prefunded) Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as a Percent of Payroll (4)/(6)
01/01/01	\$ 41,300,000	\$ 42,020,625	\$ 720,625	98.3%	\$ 42,532,749	1.7%
01/01/02	39,700,000	45,712,387	6,012,387	86.8%	44,903,940	13.4%
01/01/03	36,200,000	51,120,377	14,920,377	70.8%	48,455,441	30.8%
01/01/04	40,899,923	52,037,852	11,137,929	78.6%	60,701,967	18.3%
01/01/05	43,037,997	56,595,243	13,557,246	76.0%	62,387,862	21.7%
01/01/06	45,636,913	57,977,462	12,340,549	78.7%	61,076,105	20.2%
01/01/07	54,358,247	62,644,610	8,286,363	86.8%	58,108,577	14.3%
01/01/08	57,248,337	73,017,274*	15,768,937	78.4%	49,734,574	31.7%

\* Reflects an increase in Actuarial Accrued Liability of \$5,903,534 due to the retirement of 67 participants with enhanced benefits under the Voluntary Retirement Incentive Program.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
December 31, 2001 through 2007**

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$1,016,964	100%
2002	1,577,881	100%
2003	1,980,141	100%
2004	2,483,379	100%
2005	2,739,608	100%
2006	2,123,511	100%
2007	1,864,390	100%

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2001 through 2007**

The information presented in the preceding required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	January 1, 2008
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	3.0%
Projected social security increases	3.0%
Cost of living adjustment	None

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS  
A PROFESSIONAL CORPORATION

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

### **Board of Trustees Retirement Plan for Employees of West Jefferson Medical Center**

We have audited the financial statements of the Retirement Plan for Employees of West Jefferson Medical Center (the "Plan"), as of and for the year ended December 31, 2007, and have issued our report thereon dated March 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Plan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Plan's financial statements that is more than inconsequential will not be prevented or detected by the Plan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Plan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees of the Plan, the Plan's management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

March 28, 2008

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2007**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Retirement Plan for Employees of West Jefferson Medical Center.
2. No reportable conditions in internal controls over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Retirement Plan for Employees of West Jefferson Medical Center, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2007.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2007.



**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 2007**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no prior year findings related to financial statements for the year ended December 31, 2006.

**MANAGEMENT LETTER**

A management letter was not issued for the year ended December 31, 2006.

**RETIREMENT PLAN FOR EMPLOYEES OF  
WEST JEFFERSON MEDICAL CENTER  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2007**

There were no findings for the year ended December 31, 2007; therefore, a corrective action plan was not required.